Stellaris Finance

Business Plan

Disclaimer

The present document, laid out in the form of a business plan, aims to provide the Board of Directors of Stellaris Finance (“Stellaris” or the “Company”) with key insights into the operations and future projections of the Company and its current wholly owned subsidiary, Redfody Investments Ltd (“Redfody”), in the context of the anticipated listing of the Ordinary Shares of Stellaris on the Official Market of the Stock Exchange of Mauritius (“SEM”). This document does not constitute an offer or solicitation to enter into any transaction and is provided for information purposes only and does not constitute in any way investment, legal, or tax advice or any recommendation of whatsoever nature. No warranty of any nature is provided by Perigeum Capital Ltd (“Perigeum Capital”) in respect of the information provided in this document as to its correctness and/or accuracy.

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Contents

1 Executive Summary

Incorporated in July 2024, Stellaris Finance ("Stellaris" or "Stellaris Finance" or the "Company") holds a Global Business License in accordance with the Companies Act 2001 and Financial Services Act 2007 of Mauritius. It is an investment holding company, strategically focused on identifying and acquiring majority stakes in dividend-paying asset management firms and other financial services businesses.

The Company is currently owned at 75% by Mr Karlin Pavel and 25% by Mr Maxim Alexandrovich Kuzyakin. The Board of Directors is made up of seasoned finance and risk experts.

Stellaris' first and currently sole subsidiary is Redfody Investments Limited ("Redfody" or the "Subsidiary"), an entity incorporated in Mauritius as a Global Business Company and holding an Investment Dealer (full service excluding underwriting) licence issued by the Mauritian Financial Services Commission. Redfody was set up with the ambition to offer brokerage and investment-related services to high-net-worth individuals and entities.

PURPOSE OF THE LISTING

Stellaris plans to list on the Official Market of the Stock Exchange of Mauritius as a means to enhance market presence, access capital markets, and bolster stakeholder confidence. While the Company does not anticipate raising further capital in the foreseeable future, it is envisaged that the listing on the SEM will provide international recognition for access to a global investor base, asset managers, high net worth individuals and other sources of capital who view Mauritius as an attractive investment destination.

This listing represents a pivotal step in Stellaris Finance's strategy to strengthen its market position and accelerate its growth trajectory.

BUSINESS MODEL

Stellaris Finance operates under a strategic investments and acquisition model, generating revenue primarily through dividends received from the acquired investments in high-performing financial services companies.

The business model is built on the following pillars:

- Expansion Strategy: Stellaris Finance adopts a focused approach to identify and acquire investments in thriving companies, with an emphasis on geographic and sectoral diversification to enhance portfolio resilience and growth.
- Investment Management: By leveraging the expertise of existing management teams within the acquired companies, Stellaris Finance ensures operational continuity, efficiency and long-term growth.
- Revenue Generation: Dividends derived from the performance and profitability of high-performing financial services companies form the core of Stellaris Finance's income.

MARKET ANALYSIS

Stellaris Finance operates in a rapidly changing financial services sector, presenting both significant opportunities and challenges. The Company is strategically positioned to capitalize on industry trends while addressing evolving regulatory frameworks and market dynamics.

Industry Overview

The global asset management sector, with assets under management (AUM) estimated at USD 115– USD 120 trillion in 2022, is projected to grow steadily at a mid-single-digit rate through 2026. This growth is driven by economic recovery, increasing demand for professionally managed assets, and technological innovation. Areas such as hedge funds, private equity, real estate, and ESG-focused investments are witnessing substantial inflows, while digital platforms and robo-advisory tools are reshaping client engagement and operational efficiency.

The asset management industry is poised for resilient growth, supported by economic recovery, private market expansion, and ESG integration. Stellaris Finance plans to capitalize on these opportunities through strategic acquisitions, regional expansions, and a commitment to innovation and sustainability. By focusing on these strategies, the company aims to deliver sustained growth and long-term value for stakeholders.

Geographic Focus

- **United Arab Emirates (UAE):** The UAE is a prominent financial hub known for its robust economic growth, strategic location, and investor-friendly regulatory frameworks. With sovereign wealth funds like ADIA managing assets exceeding USD 790 bn, the UAE offers a sophisticated financial ecosystem and significant opportunities in areas such as ESG and Shariah-compliant investments.
- **Mauritius:** Mauritius serves as a gateway to high-growth markets in Africa and Asia. Its business-friendly environment, strong regulatory framework, and network of tax treaties have made it an attractive destination for asset managers. The country hosts over USD 80 bn in AUM, supported by a growing presence of Global Business Companies and collective investment schemes.

Competitive Landscape

The global asset management industry is highly competitive, with global giants such as BlackRock and Vanguard dominating through economies of scale and extensive fund offerings. However, boutique firms are carving niches with specialized investment strategies. The industry is also witnessing frequent mergers and acquisitions as firms seek to scale operations and expand their geographic reach.

Stellaris will be evolving in this environment with its own sets of capabilities and risks. Stellaris Finance benefits from experienced leadership, a disciplined investment philosophy, and a well-diversified strategy, which enhances its ability to mitigate risk and sustain growth. Expansion into emerging markets, leveraging fintech innovations, and addressing the growing demand for ESG investments present significant growth avenues. However, the Company remains vulnerable to market fluctuations and external economic cycles, which can impact returns and investor confidence. Other challenges include economic instability, complex regulatory requirements, intense competition, and market volatility, all of which could impact performance. Diversification and a well-developed corporate governance and reporting framework will help mitigate the various risks to which the Company may be exposed.

FINANCIAL PROJECTIONS AND FUTURE PERFORMANCE

Being an investment holding company, Stellaris has a lean, cost-effective structure. Due to uncertainties about the specifics of future acquisitions of asset management firms, any future related investment or financing, as well as associated revenue and costs, have not been forecasted. It is reasonable to assume, based on the expected investment strategy, that future acquisitions will enhance the overall value of the Company.

The projections are thus focused on the expected dividends receivable from its current subsidiary, Redfody, which will generate revenue through a mix of asset management fees, brokerage fees and advisory fees, as well as gains from trading. There will be a slow ramp-up of costs especially on the staff costs to align with increased client acquisition through time. It is expected that Redfody will generate net cash flows totaling USD 6.5M over the forecast period from FY25 to FY28, declaring USD 2.5M in dividends and initially distributing USD 1.6M in dividends to Stellaris. The forecasts assume a 30% annual distribution (of PAT).

Given the lean cost structure at the level of Stellaris, retained earnings are estimated to reach USD 2.3M by FY28. At the group level, shareholders funds are expected to reach USD 9.4M by the end of the forecast period.

CONCLUSION
With its strategic focus, experienced leadership, and growth-oriented approach, Stellaris Finance is well-positioned to deliver long-term value to its stakeholders and achieve its ambitious objectives. The listing marks a pivotal step in advancing its market position and realizing its vision for sustainable growth.

2 Corporate Information

Company Name	Stellaris Finance Ltd
Registration Number	211171
Registered Address	4th Floor, Ebene Skies, Rue de L'Institut, Ebene 80817, Mauritius
Regulatory Bodies	Financial Services Commission ("FSC") and, once listed, the Stock Exchange of Mauritius Ltd ("SEM")
Constitutive Document	Constitution
Date of Incorporation	22 July 2024
Company Secretary	Mauritius International Trust Company Limited ("MITCO") 4th Floor, Ebene Skies Rue de L'Institut, Ebene 80817 Mauritius *(Postal address same as physical address)*
Independent Financial Adviser	Baker Tilly Solutions Ltd Level 2, Tribeca Central Trianon 72261 Mauritius *(Postal address same as physical address)*
SEM Authorised Representative & Sponsor and Mauritian Transaction Advisor	Perigeum Capital Ltd Ground Floor, Alexander House, 35 Cybercity, Ebene, 72201 Mauritius *(Postal address same as physical address)*
Legal advisor as to Mauritian law	Prism Chambers Level 7, Office 7 Iconebene Rue de l'Institut Ebene, Mauritius *(Postal address same as physical address)*
Mauritian bankers	The Mauritius Commercial Bank Ltd Level 15, Newton Tower Sir William Newton Street Port Louis, Mauritius *(Postal address same as physical address)*

	Bank One 16, Sir William Newton Street Port Louis Mauritius *(Postal address same as physical address)*
Independent Auditor	Kemp Chatteris 3rd Floor, Cerné House La Chaussée Street Port Louis Mauritius *(Postal address same as physical address)*
Directors of the Company	1. Maxim Kuzyakin - Executive Director 2. Karlin Pavel - Executive Director 3. Dimitrios Kanias - Executive Director 4. Nathalie Daynes - Non-Executive Director 5. Loana Georgescu - Non-Executive Director 6. Sachidananda (Mahen) Govinda - Non-Executive Director

3 Company Description

Incorporated on 22 July 2024, Stellaris Finance ("Stellaris" or "Stellaris Finance" or the "Company") holds a Global Business License in accordance with the Mauritian Companies Act 2001 and Financial Services Act 2007 of Mauritius.

Stellaris Finance is an investment holding company, strategically focused on identifying and capitalizing on acquiring majority stakes in dividend-paying asset management firms based principally in Mauritius and/or the UAE ("Targets").

While identifying those Targets, focus will be placed on diversification of asset type, as well as geographic diversification, with the objective to mitigate risks and maximise sustainable returns for stakeholders. In that context, the Company actively engages with local and international partners to explore collaborative opportunities that align with its vision for growth and diversification.

Stellaris currently owns 100% of Redfody Investments Limited ("Redfody" or the "Subsidiary"), an entity providing investment dealer and asset management services. Incorporated in November 2023 in Mauritius as a Global Business Company, Redfody holds an investment dealer license from the Financial Services Commission ("FSC") allowing it to provide the following services:

- act as an intermediary in the execution of securities transactions for clients;
- trade in securities;
- give investment advice which is ancillary to the normal course of his business activities; and
- manage portfolios of clients.

3.1 Vision and Mission

VISION

- **Strategic Leadership**: To be recognized for exceptional strategic foresight and investment acumen.
- **Integrity and Trust**: To uphold unwavering integrity and transparency in all engagements.
- **Long-term Value Creation**: To drive sustainable growth through a diversified portfolio of investments into financial services businesses in dynamic markets.

MISSION

The Company is committed to:

- **Diversification**: Building a resilient portfolio through prudent investment strategies and geographical diversification to mitigate risks and ensure consistent performance.
- **Partnerships**: Engaging with local and international partners to explore synergistic opportunities that align with the Company's growth objectives and the evolving needs of its stakeholders.
- **Excellence**: Upholding the highest standards of integrity, transparency, and operational excellence in every facet of its business to foster trust and confidence among the Company's investors and partners.
- **Adaptability**: Proactively responding to market trends and economic shifts to maintain relevance and capitalize on emerging opportunities.

3.2 Purpose for Listing on the Stock Exchange of Mauritius

Stellaris Finance seeks to list on the Stock Exchange of Mauritius (SEM) to achieve a number of strategic objectives that align with its long-term growth and value creation goals. Listing on the SEM provides the company with a robust platform to enhance its market presence, access capital markets, and strengthen stakeholder confidence. The key purposes for the listing are as follows:

Access to capital

Although no immediate capital raising is planned, the listing on the SEM would provide Stellaris Finance with the necessary platform and access to an investor base, to raise future capital through equity or debt instruments to fund strategic acquisitions and expansion initiatives. Such future capital will support the Company's efforts to diversify its portfolio and explore opportunities in high-growth financial services sectors.

Enhanced Credibility and Visibility

Being a listed entity on the SEM enhances Stellaris Finance's corporate profile, instilling confidence among investors, stakeholders, and business partners. It demonstrates the Company's commitment to transparency, governance, and regulatory compliance.

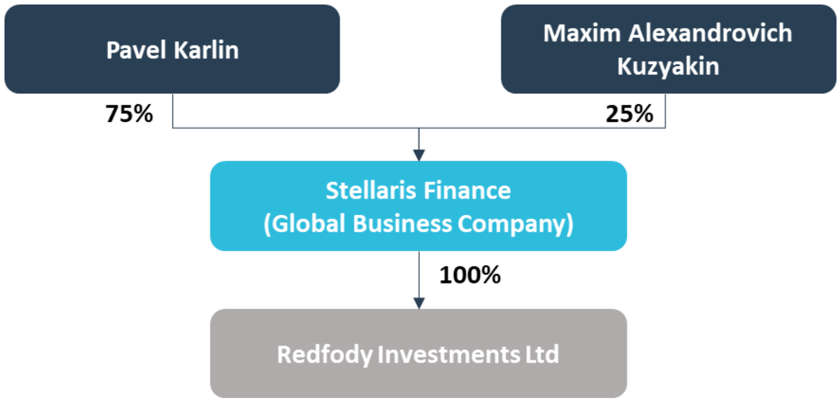
Attracting Institutional Investors

The SEM listing positions Stellaris Finance to attract institutional investors seeking exposure to investment holding companies in stable and emerging markets. While no private placements are planned in the immediate term, the listing acts as a suitable medium in building long-term investor acceptance and readiness.

Strategic Positioning for Regional and Global Expansion

The SEM's international recognition and connectivity with global capital markets provide Stellaris Finance with a strategic platform to pursue regional and international growth opportunities.

3.3 Shareholding Structure



3.4 Board of Directors

The Company is led by individuals who possess significant experience and a successful track record of investing into financial services businesses. The executive Management's first-hand experience, knowledge and network is invaluable to both the strategic direction and day to day management of Stellaris Finance.

The Board of Directors (the "Board") also includes experienced Mauritian resident directors, ensuring strong local governance and alignment with the Company's strategic objectives. The Board comprises the following members:

1. Maxim Kuzyakin - Executive Director

Maxim has extensive experience in developing complex financial instruments, launching international investment projects, working with High Net Worth Individuals ("HNWIs"), building business processes for companies in Russia, Switzerland, the United Arab Emirates, and Cyprus, as well as interacting with financial and legal regulators.

He has worked at Deutsche Bank, Renaissance Capital, Troika Dialog and ATON Group.

In 2019, he co-founded ACM Limited, a wealth management and brokerage company domiciled in the United Arabs Emirates. He is currently an Executive Director at ACM Limited.

2.Pavel Karlin – Executive Director

Pavel is an experienced professional with a strong background in corporate security, risk management, and internal investigations.

He has held key leadership roles, including Head of Internal Security at ATF Bank (Jusan Bank) and Regional Representative in the Corporate Security Department of JSC Kazakhtelecom.

Pavel has successfully led internal investigations, developed robust security systems, ensured compliance with corporate standards, and mitigated risks within organizations. His expertise extends to preventing illegal activities, managing corporate security processes, and advising senior leadership on security strategies.

3. Dimitrios Kanias - Executive Director

Dimitrios Kanias is an accomplished compliance and regulatory professional with over a decade of experience in financial services, particularly in investment houses and brokerage firms.

He has held senior leadership roles, including Executive Director and Senior Compliance Officer at FSRA-regulated firms in the Abu Dhabi Global Market ("ADGM").

His expertise spans internal audits, data protection, and delivering comprehensive compliance frameworks. He draws on his experience in various jurisdictions and he is licensed by a number of regulatory bodies and the International Institute of Internal Auditors (IIIA) as well as holding a wide range of professional certifications.

4. Ioana Georgescu – Independent Non-Executive Director

Ioana is a highly experienced professional specializing in governance, risk, and compliance within the financial services industry, with a particular focus on the ADGM and DIFC markets. She headed the Abu Dhabi office of Etive Consulting Limited, worked for Perella Weinberg Partners UK LLP and HAYVN.

She has held senior leadership roles, including Executive Director at History Limited and Head of GRC Middle East at Equiom Corporate Services.

She also has broad experience advising companies on ADGM compliance, developing compliance frameworks, overseeing regulatory license applications, and advising on AML and risk-related issues.

5. Nathalie Daynes – Non-Executive Director

With over 20 years of experience in the financial services industry, Nathalie has specialized in fund and corporate administration, cross-border investments and global banking.

She has held key leadership roles at Mitco Group, DTOS Ltd and HSBC, driving strategic growth and cross-border market expansion. She has a proven track record in managing complex international projects and fostering client relationships across Asia, Africa, and Europe.

In February 2024, she was appointed as the Chief Executive Officer of the Mitco Group.

She also has broad experience advising companies on ADGM compliance, developing compliance frameworks, overseeing regulatory license applications, and advising on AML and risk-related issues.

6. Sachidananda (Mahen) Govinda – Non-Executive Director

Mahen has extensive experience in the financial services and global business sectors in Mauritius. He has previously been in senior roles, such as Operations Director at Ocorian and partner at ABAX.

Since 2022, he is the Chief Executive Officer of Mauritius Network Services Ltd ('MNS').

Mahen is recognized for driving digital transformation, strategic business expansion and operational excellence. His expertise spans corporate governance, ICT infrastructure, client services, and board-level responsibilities for multinational corporations and investment funds.

3.5 Business Model

Stellaris Finance operates under a strategic investments and acquisition model, generating revenue primarily through dividends received from the acquired investments in high-performing financial services companies.

The business model is built on the following pillars:

- **Expansion Strategy**: Stellaris Finance adopts a focused approach to identify and acquire investments in thriving financial services companies, with an emphasis on geographic and sectoral diversification to enhance portfolio resilience and growth.
- **Investment Management**: By leveraging the expertise of existing management teams within the acquired companies, Stellaris Finance ensures operational continuity, efficiency and long-term growth.
- **Revenue Generation**: Dividends derived from the performance and profitability of high-performing financial services companies form the core of Stellaris Finance's income.

3.6 Growth Objectives: Geographical and Sectoral diversification

Stellaris Finance aspires to build a leading presence in the financial services sector by acquiring majority stakes in high-potential asset management firms and other financial services businesses. The Company will strengthen its market position, create robust shareholder value, and develop a diversified, global investment portfolio, around the following strategy:

Financial Resilience and Stability

- Maintain a solid balance sheet with prudent leverage, enabling Stellaris Finance to weather market uncertainties and safeguard long-term growth
- Employ rigorous risk management practices to preserve capital and adapt to evolving financial landscapes.

Strategic Expansion and Diversification

- Pursue disciplined acquisitions of financial services businesses that demonstrate compelling growth trajectories and strong operational fundamentals.
- Seek complementary opportunities within and outside Mauritius, aligning with market conditions and strategic fit that justify value creation.
- Leverage synergies within Stellaris Finance's investment ecosystem to enhance profitability and accelerate portfolio-wide expansion.

Focused Priorities for Sustainable Success

- Target established financial firms with proven management teams and sound governance, ensuring a higher likelihood of stable returns.
- Focus on dividend-paying companies to support the financing of the acquisitions as well as enable a cash return for the shareholders of Stellaris.
- Adopt a proactive stance in identifying emerging trends and niches within private equity and financial services, maintaining agility to capitalize on timely market shifts.
- Avoid indiscriminate acquisitions by adhering to a focused, data-driven investment mandate that emphasizes high-quality opportunities, allowing for asset and geographical diversification.

By combining a disciplined investment approach with strong corporate governance, Stellaris Finance aims to solidify its reputation as a trusted holding company and generate enduring value for investors, stakeholders, and the broader market.

3.7 Investment Strategy

While the Company remains actively engaged in following the market and evaluating trends across the financial services sector in the targeted jurisdictions, no specific investment target has been identified at this stage.

The Company adopts a prudent and disciplined approach, maintaining a watchful stance on the market to identify high-quality, strategic investment opportunities that align with its objectives. Should suitable opportunities arise, Stellaris Finance may consider raising additional capital to finance such investments, subject to prevailing market conditions and Board approval.

Potential investments (i.e. acquisitions of new financial services businesses) shall be assessed by an investment committee made up of select members of the Board of Directors, calling upon specialist staff within the Stellaris network and/or consultants, as the case may be. The Board will then make any investment decision based upon recommendations from the investment committee.

Selective Approach: Investments shall be identified through rigorous due diligence, market trend analysis, financial assessments and alignment with strategic growth objectives. The Company's primary objective is to acquire stakes in well-performing asset management firms and other financial services businesses that meet the Company’s investment criteria.

Geographical Diversification: By investing across geographies and companies involved in various asset types, Stellaris Finance aims to enhance portfolio resilience and mitigate potential risks.

Long-Term Horizon: A buy-and-hold approach reduces transaction costs, tax implications, and market timing risks while focusing on asset appreciation over time.

Dividend Focus: Investments target dividend-paying financial services businesses to generate steady income for reinvestment/financing of acquisition or for subsequent distribution to shareholders.

Minimal Active Management: Trusting the expertise of acquired companies’ management shall allow Stellaris Finance to maintain a lean operating structure, while remaining focused on strategic oversight.

4 Market Analysis

Stellaris Finance operates within a dynamic and rapidly evolving financial services sector. This environment offers both significant opportunities and challenges, requiring a comprehensive understanding of market dynamics, regulatory frameworks, and shifting customer trends. Recognising these complexities, Stellaris Finance is committed to leveraging its expertise to identify and target investments that foster growth, diversification and sustainability.

The financial services industry presents numerous avenues for innovation and expansion. Stellaris Finance is well positioned to capitalize on these emerging opportunities, with a strategic focus on sectors that demonstrate robust potential for growth and resilience.

4.1 Industry overview

Overview

The asset management industry is a cornerstone of global finance, providing institutional and retail investors access to diverse investment products. According to a recent report by Boston Consulting Group ("BCG"), global assets under management (AUM) reached approximately USD 115–120 trillion in 2022, reflecting a slight year-on-year contraction due to market volatility and geopolitical tensions. Despite this downturn, long-term projections remain positive, with BCG anticipating a **mid-single-digit annual growth rate through 2025–2026**, driven primarily by economic recovery, technological innovations, and continued demand for professionally managed assets.

Key Trends

- Hedge funds, private equity, and real estate vehicles continue to attract significant inflows as investors seek higher yields and diversification. McKinsey reports that private market AUM has grown faster than traditional assets, averaging 9% annual growth in the last decade.
- Emerging economies, especially in Asia-Pacific, are becoming hotspots for asset managers. This region's rapid wealth accumulation and growing middle-class population present substantial opportunities for firms offering innovative investment strategies.
- Digital platforms, robo-advisory, and analytics tools are reshaping how managers connect with clients and streamline operations. Firms leveraging technology effectively can enhance portfolio performance, reduce costs, and improve client experience.
- Environmental, Social, and Governance (ESG) considerations have moved into the mainstream. PwC estimates that ESG-oriented assets could surpass USD 33 trillion by 2026, as institutional investors increasingly prioritize sustainable and responsible investing.

Competitive Landscape

- Large incumbents (e.g., BlackRock, Vanguard) dominate the market with massive scale advantages, broad fund offerings, and global distribution networks.
- Boutique Managers and Specialized Firms are carving out market share by focusing on niche strategies (e.g., thematic investing, sector-specific funds).

- Mergers and acquisitions are common as firms seek economies of scale, broaden product lines, and enter new geographies.

Stellaris aims to capitalize on those global trends and embark on an acquisition journey to maximise overall return for its stakeholders.

4.2 Target Market

The primary geographic focus will be on the United Arab Emirates and Mauritius, leveraging the extensive experience and successful track records of the company's directors. These jurisdictions are characterized by stable economies, sound markets, and attractive investment opportunities.

Stellaris Finance will also consider opportunistic investments outside these jurisdictions if they align with the overall investment strategy and demonstrate strong commercial merits

THE UNITED ARAB EMIRATES (UAE)

The UAE has solidified its status as one of the Middle East's primary financial and investment hubs, driven by robust economic growth and government-led initiatives to diversify beyond oil revenues. The country's strategic location, coupled with well-developed infrastructure and a business-friendly environment, makes it an attractive base for asset managers seeking access to high-growth markets in the Middle East, Africa, and South Asia.

According to the "Wealth & Asset Management Report 2022" by the Dubai International Financial Centre (DIFC), the wider Middle East region's asset management industry reached approximately USD 1 trillion in total AUM in 2021, with the UAE capturing a significant share due to its advanced financial ecosystem. In the DIFC alone, the total number of active registered companies surpassed 4,000 in 2022, with the financial services sector (including asset managers, fintech, and banking institutions) experiencing double-digit growth. The UAE is also home to some of the world's largest sovereign wealth funds (SWFs), such as the Abu Dhabi Investment Authority (ADIA) and Mubadala Investment Company. As of 2023, ADIA's AUM was estimated at USD 790+ billion, ranking it among the world's top SWFs by total assets.

Regulatory Landscape

A key factor fueling asset management growth in the UAE is the presence of international financial centers: the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM). Both operate under internationally recognized legal and regulatory frameworks, granting:

- Investor-Friendly Regulations: Streamlined licensing, 100% foreign ownership, and zero personal and corporate taxes within the free zones.
- Regulatory Oversight: The Dubai Financial Services Authority (DFSA) and the Financial Services Regulatory Authority (FSRA) in ADGM each foster an environment conducive to both conventional and alternative investments.

These frameworks have helped attract global asset managers, who can establish or expand their operations with comparative ease.

Growth Drivers and Trends

The UAE remains a key market due to its dynamic economy, supported by growth in tourism, transportation, financial services, and real estate. GDP growth is estimated at 4% for 2024, expected to increase to 6% in 2025, driven by non-oil sector expansion and hydrocarbon recovery. Particular growth drivers and trends in the asset management sector include:

- ***Financial Soundness***: UAE banks maintain robust capital adequacy, liquidity, and improving asset quality, positioning the financial system as a cornerstone for economic resilience.
- ***Wealthy Population and Institutional Investors***: The UAE's concentration of High Net Worth Individuals (HNWs) and Ultra-High Net Worth Individuals (UHNWIs) underpins strong demand for sophisticated asset management solutions. Large domestic and regional institutional investors (e.g., sovereign wealth funds, pension funds, insurance firms) contribute significantly to inflows, particularly in alternative and global investment products.
- ***Economic Diversification***: Government-led efforts to reduce reliance on oil have catalyzed the development of knowledge-based sectors such as fintech, venture capital, and private equity. This shift expands the opportunity set for asset managers to create innovative products. According to the UAE's Ministry of Economy, non-oil sectors accounted for over 70% of the national GDP in 2022, signaling ongoing diversification.
- ***Islamic Finance***: The UAE is among the top three largest Islamic finance markets in the world. Demand for Shariah-compliant investments—from sukuk (Islamic bonds) to equity funds—continues to grow, offering fertile ground for specialized asset management offerings. Per the Islamic Financial Services Board (IFSB), the UAE's Islamic banking assets exceeded USD 201 billion in 2021, indicating the scale of Shariah-compliant financial activity.
- ***Technological Innovation***: Fintech and digital transformation are reshaping the asset management sector. A PwC Middle East survey (2022) noted that over 60% of regional financial institutions planned to increase investments in technologies such as robo-advisory and AI-driven analytics within the next two years.
- ***ESG and Impact Investing***: Aligning with global trends, UAE-based asset managers increasingly integrate Environmental, Social, and Governance (ESG) criteria into their offerings. DIFC reports a rising demand for sustainable products among HNWIs and institutions alike.

The UAE's asset management sector is poised for sustained growth, supported by ongoing economic diversification, a sophisticated regulatory ecosystem, and stable inflows from both domestic and international investors. While external factors such as geopolitical uncertainties and global market volatility present challenges, the fundamental drivers—including a large pool of SWF capital, rising fintech adoption, and strong demand for Shariah-compliant products—paint a favorable long-term picture.

MAURITIUS

Mauritius has established itself as a significant financial and investment hub in the Indian Ocean region, leveraging its strategic location between Africa and Asia, stable political environment, and business-friendly policies. The country's robust legal framework, supported by a hybrid system of civil and common law, has encouraged international corporations, family offices, and asset managers to set up operations in Mauritius as a gateway to high-growth African and Asian markets. Below are some key facts and figures about the financial sector of the country:

- **Financial Services Contribution to GDP**: According to Statistics Mauritius, financial services consistently contribute around 12–13% to the country's GDP, reflecting the sector's importance in the national economy.
- **Global Business Companies (GBCs)**: As of 2022, there were over 20,000 active Global Business Companies (GBCs) operating in Mauritius, many of which facilitate cross-border investments into Africa and Asia, including private equity and fund structures.
- **Investment Funds**: Mauritius hosts a variety of collective investment schemes (CIS) and closed-end funds catering to regional and global asset managers. The jurisdiction's favorable regulatory environment has attracted a growing number of fund managers who utilize Mauritius as a structuring base. According to an article published by PwC Mauritius, there are over a thousand funds, collectively managing assets **exceeding USD 80 bn.** A significant portion of these funds are backed by development finance institutions and sovereign wealth funds.
- **Growing sector**: In absolute terms, the Asset and Wealth management expansion would be the fastest growing in the Middle East and Africa.

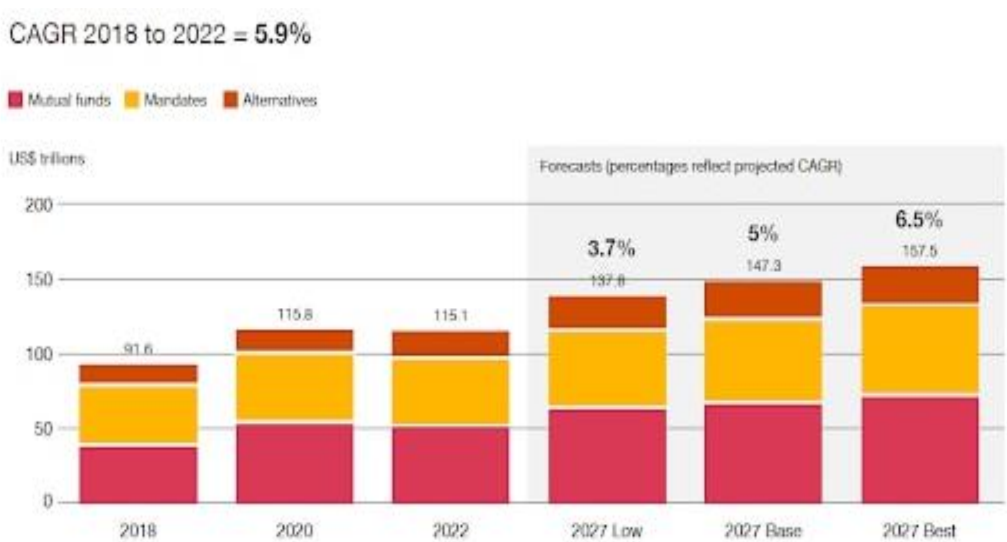


Figure 1:PWC Mauritius

The above chart, sourced from an article from PwC Mauritius, illustrates that despite the slight decline from 2020 to 2022 (largely attributable to market volatility and geopolitical uncertainties) the compound annual growth rate (CAGR) from 2018 to 2022 still stands at **5.9%.** Over time, the share of alternatives (top segments) has been increasing—consistent with industry trends favoring diversification and potentially higher-yield strategies. In 2027 PwC's forecasts reflect 3 different projected CAGRs:

- 3.7% in the case of the Low scenario with AUM reaching about USD 149.7 trillion,
- 5% in the case of the Base scenario of about USD 147.3 trillion in AUM, and
- 6.5% in the Best scenario of roughly USD 157.5 trillion AUM.

- Mauritius' financial services sector encompasses both local and international banks. These institutions offer a range of cost-effective services that have evolved from private banking to fund management and investment banking. The Mauritius IFC also hosts reputable legal firms, professional services firms and renowned management companies. According to PwC Mauritius, these licensed management companies collaboratively service nearly 1000 global funds and facilitate operations for over 15,000 companies in the Global Business sector.

Regulatory Landscape

The Financial Services Commission (FSC) is the primary regulator for non-banking financial services and global business activities in Mauritius. It operates under a regulatory framework designed to align with international best practices, including strict adherence to anti-money laundering (AML) and counter-terrorism financing (CFT) standards. Mauritius's financial services sector adheres to corporate governance and international regulations under the comprehensive Financial Services Act 2007. Furthermore, recent efforts by the FSC to enhance substance requirements, governance, and compliance reflect Mauritius's commitment to meeting evolving global regulatory standards, such as those from the OECD and Financial Action Task Force (FATF). In fact, Mauritius distinguishes itself as one of the few countries fully compliant with all 40 recommendations of the FATF.

The country boasts an Investor-Friendly Environment, offering streamlined licensing procedures for Global Business Companies, Fund Managers, and Collective Investment Schemes. Furthermore, Double Taxation Avoidance Agreements (DTAAs) with more than 40 countries reduce fiscal barriers, bolstering Mauritius's appeal as a hub for cross-border investments.

Mauritius has a robust legal and regulatory framework, leveraging a hybrid legal system (French civil law and English common law), reinforcing legal certainty.

Growth Drivers and Trends

Mauritius's asset management sector has evolved alongside the country's broader economic development, supported by a combination of strategic policymaking, global connectivity, and a growing interest from international investors. The government's ongoing commitment to maintaining high regulatory standards, coupled with its drive to diversify beyond traditional industries, has created fertile ground for new business opportunities. Below are some of the key factors and emerging trends shaping the asset management landscape in Mauritius:

- ***Economic Stability and Diversification***: Although traditionally reliant on sugar, textiles, and tourism, Mauritius has successfully diversified into financial services, ICT, and real estate. Real GDP growth for Mauritius is estimated at ~6% for 2024, underscoring the economy's ongoing recovery from the pandemic era.

- ***Gateway to Africa***: Mauritius's network of DTAAs with numerous African nations positions it as a preferred conduit for regional investment. Many private equity, venture capital, and infrastructure funds targeting Africa choose Mauritius-domiciled vehicles to benefit from stable regulatory oversight and tax efficiencies. The country's role as a bridge to East Africa and beyond is further bolstered by membership in regional economic blocs such as the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC).
- ***Rise of Private Wealth and Family Offices***: There is growing interest from HNWIs and family offices looking for sophisticated asset management, estate planning, and wealth preservation solutions. The Economic Development Board (EDB) has been actively promoting Mauritius as a premier location for regional and global family offices, citing robust legal structures, favorable tax regimes, and political stability.
- ***Fintech and Innovation***: Similar to global trends, the Mauritian financial services sector is embracing digital transformation. Initiatives around fintech licensing, regulatory sandboxes, and e-governance aim to boost the country's competitiveness and attract tech-driven asset managers. The FSC's Regulatory Sandbox License (RSL) encourages innovation and experimentation with new financial products, including those based on blockchain, robo-advisory, and digital assets.
- ***ESG and Sustainable Finance***: Growing awareness of ESG factors has begun to shape the offerings of local asset managers. The government and regulatory bodies are encouraging sustainable investment practices, recognizing both global investor demand and Mauritius's potential leadership in green finance within the region.

Outlook

Mauritius's asset management sector is expected to maintain a positive trajectory, buoyed by:

- ***Strong Regulatory Oversight***: Ongoing enhancements to substance and governance requirements signal a commitment to high international standards, attracting reputable global players.
- ***Strategic Positioning***: Mauritius's geographic and treaty advantages will likely continue to draw in Africa-focused investments, as well as those seeking efficient entry into Asian markets (notably India).
- ***Sectoral Diversification***: Beyond traditional fund structuring, opportunities in fintech, private equity, Islamic finance, and ESG-focused vehicles are expanding, reflecting investor interest and government support.
- ***Talent Development***: Collaboration between government agencies, educational institutions, and the private sector aims to bolster local skill sets in finance, law, and technology—further strengthening the country's proposition as a financial hub.

While global market volatility and competition from other international financial centers could pose short-term challenges, Mauritius's longstanding reputation for stability, its sophisticated regulatory environment, and its robust network of tax treaties suggest that the country will remain a compelling jurisdiction for asset managers seeking cross-border opportunities.

4.3 Challenges and Opportunities

The global asset management landscape has become increasingly complex in recent years, reflecting a range of converging factors that test both the resilience and innovative capacity of firms. Intensifying regulatory scrutiny, heightened competition, and evolving client demands require companies to adapt swiftly or risk losing market share. At the same time, the industry's transformation opens the door to new possibilities—from untapped emerging markets to the rapidly expanding fintech domain. Below are some of the primary challenges and opportunities shaping the current and future outlook of the asset management sector:

- **Stricter Regulatory Environment**
    - Regulatory bodies worldwide—such as the U.S. Securities and Exchange Commission (SEC) and the European Securities and Markets Authority (ESMA)—are increasing disclosure requirements, especially around fees, transparency, and ESG.
    - Heightened compliance obligations can pressure profit margins, encouraging firms to invest in compliance technology and consolidate where it makes strategic sense.

- **Fee Compression**: Intense competition and the rise of passive investment products (ETFs, index funds) have driven management fees down, forcing managers to optimize operations and differentiate product offerings.

- **Shifting Investor Preferences**: Institutional and retail investors are increasingly sophisticated, demanding more personalized, tech-driven solutions and socially responsible portfolios.

- **Digital Transformation**: Asset managers that embrace automation, AI-driven analytics, and robust cybersecurity stand to gain efficiencies and competitive advantage.

- **Global Diversification**: As growth in mature markets slows, managers with the capability to invest or operate in high-growth regions (e.g., Asia-Pacific, parts of Africa) can capture new investor segments and capitalize on emerging opportunities.

4.4 Future Outlook

Looking ahead, the asset management industry appears poised for moderate yet resilient growth, underpinned by global economic recovery, sustained interest in private markets, and evolving client demands for ESG-integrated, tech-enabled solutions. While uncertainty from inflation, interest-rate fluctuations, and geopolitical instability persists, firms that prioritize strategic innovation and operational efficiency are expected to outperform their peers. **Stellaris will take those different elements into consideration in their assessment of Targets for acquisition.**

4.5 SWOT Analysis

A comprehensive SWOT analysis is essential for evaluating Stellaris Finance's strategic positioning. This analysis highlights the strengths and weaknesses, as well as the opportunities and threats, providing a foundation for developing a strategic policy to sustain competitive advantage and achieve long-term objectives.

STRENGTHS

- **Diverse Expertise:** Stellaris Finance has a highly experienced Board of Directors and Management Team with extensive backgrounds in finance, investment management, and sector-specific knowledge. This depth of experience translates into well-informed strategic decisions, a nuanced understanding of risk, and an enhanced ability to navigate complex market dynamics.
- **Robust Investment Philosophy:** The Company employs a disciplined and selective investment approach, focusing on diversification and high-growth market economies that promise robust growth. With its diversification strategy set in place, overall risk will be spread, allowing for sustainable returns.

WEAKNESSES

- **Market Dependence:** Investment returns may be vulnerable to market fluctuations and broader economic conditions. Investment performance is closely tied to external economic cycles, swings in interest rates, currency values, or investor sentiment can materially impact returns. Furthermore, declines in market confidence (e.g., during a recession or global financial crisis) can slow fundraising and reduce the valuation of portfolio companies, creating potential liquidity challenges.

OPPORTUNITIES

- **Growing Financial Services Sector:** There are expanding opportunities in the Mauritian financial services market, including fintech, asset management, and sustainable investment. Mauritius and other regions are experiencing significant growth in digital banking and blockchain. Stellaris can invest in or partner with these emerging ventures to diversify returns and remain at the cutting edge of financial services.
- **Regional and International Expansion:** There are opportunities to enter emerging markets in Africa and Asia where financial services sectors are evolving. Rapidly growing populations and rising middle classes in certain African and Asian countries fuel demand for robust financial services, representing ground for acquisitions or joint ventures.

- **Rising Demand for ESG Investments:** Increasing interest in environmental, social, and governance (ESG) investments creates opportunities for strategic investments. Institutions and retail investors alike are prioritizing environmental and social impact, making ESG-centric investments a rapidly growing sector. Positioning Stellaris Finance as a socially responsible investor can enhance its reputation and attract a wider base of capital.

THREATS

- **Economic Instability:** Prolonged economic downturns or geopolitical risks in target markets may adversely affect investment performance. Trade wars, political unrest, or unforeseen sanctions can disrupt supply chains, dampen investor confidence, and reduce the profitability of international investments.
- **Regulatory Changes:** Evolving regulations across jurisdictions poses compliance challenges, particularly in cross-border investments. Different jurisdictions have unique reporting standards, capital requirements, and taxation rules, creating a complex web of regulatory obligations.
- **Intense Competition:** Established players and new entrants in the financial services sector heighten competitive pressures. Larger, well-capitalized asset management firms and global banks may have the advantage of brand recognition, existing client bases, and economies of scale in pricing. Meanwhile, innovative fintech startups can erode traditional market share, especially among younger, tech-savvy investors.
- **Market Volatility:** Fluctuations in financial markets may impact investor confidence, portfolio valuation, and capital raising activities. During periods of turbulence, investors may adopt a risk-off stance, limiting new capital inflows and making refinancing or follow-on rounds more difficult. Negative headlines or macroeconomic indicators can trigger sudden investor redemptions or shifts in asset allocation, thereby influencing Stellaris' liquidity and ability to invest opportunistically.

Mitigants to the identified weaknesses and threats have been addressed in the Risk Assessment section.

5 Financial Plan

5.1 Stellaris Finance

5.1.1 Forecasts

Stellaris was recently incorporated in July 2024 and currently has only one subsidiary.

- The Company incurred mainly setup costs and administrative expenses from July 2024 to December 2024, financed by the shareholders. Same has been reflected in the 2025 forecast.
- Redfody's issued shares were acquired by the Company in January 2025 and as consideration, new ordinary shares were issued to the shareholders of Redfody. The transfer value corresponds to Redfody's NAV as at October 2024 (USD 901,000). Prior to becoming a subsidiary of Stellaris, both Redfody and Stellaris had the same shareholders.
- The share capital of the Company is reflective of a cash injection of USD 2k at incorporation and USD 0.9M equivalent to Redfody's consideration.
- Stellaris will also borrow USD 50k from its shareholders, to settle its initial costs associated with its incorporation and first year of operation.

Being an investment holding company, Stellaris has a lean, cost-effective structure:

- Revenue is derived from dividends earned from its wholly owned subsidiary, Redfody. The relevant assumptions are covered under Section 5.2.
- Administrative costs are the main expenses to be incurred by the Company and have been forecasted based on current expenses incurred and ongoing contracts with service providers:
    - Accounting and administration fees have been estimated at USD 14.4k and have been escalated using the long-term projected inflation rate of 3.5%.
    - Other expenses, such as audit fees and legal fees, have been escalated using the long-term projected inflation rate of 3.5%.
    - License fees from the FSC and ROC fees were kept fixed throughout the forecast period.
- The investment in Redfody has been stated at cost throughout the forecast period.
- It is assumed that total annual expenses will benefit from a one-month credit period from suppliers.

Due to uncertainties about the specifics of future acquisitions of asset management firms, further acquisitions, their related investment and financing amounts, as well as associated revenue and costs, have not been forecasted. It is reasonable to assume, based on the expected investment strategy, that future acquisitions will enhance the overall value of the Company.

While the Company remains actively engaged in following the market and evaluating trends across the financial services sector in the targeted jurisdictions, no specific investment target has been identified at this stage. Should suitable opportunities arise, Stellaris Finance may consider raising additional capital to finance such investments, subject to prevailing market conditions and Board approval.

As no acquisition has been confirmed or is currently under negotiation, the financial forecasts for the period 2025 to 2028 have been prepared on a conservative basis and do not reflect any movements related to new investments or capital raising.

The forecasted financial statements of the Company are as follows:

Stellaris – Forecasted Income Statement for the year ended 31st December

USD	2025[1] FCST	2026 FCST	2027 FCST	2028 FCST
Dividend Income	375,639	498,971	681,882	924,799
Total income	**375,639**	**498,971**	**681,882**	**924,799**
Less Expenses	(52,413)	(30,090)	(31,064)	(32,073)
EBITDA	**323,225**	**468,881**	**650,818**	**892,727**
Depreciation	-	-	-	-
EBIT	**323,225**	**468,881**	**650,818**	**892,727**
Finance costs	-	-	-	-
Profit before tax	**323,225**	**468,881**	**650,818**	**892,727**
Income tax expense	-	-	-	-
Profit for the year	**323,225**	**468,881**	**650,818**	**892,727**

Note 1: 2025 figures reflect 19 months of operations from incorporation in July 2024 to December 2025.

Stellaris – Forecasted Statement of Financial position as at 31st December

USD	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Assets				
Non-current assets				
Investment in subsidiaries	901,000	901,000	901,000	901,000
Property, plant and equipment	-	-	-	-
	901,000	**901,000**	**901,000**	**901,000**
Current assets				
Trade and other receivables	375,639	498,971	681,882	924,799
Cash and cash equivalents	3,955	297,643	765,631	1,415,524
Total current assets	**379,593**	**796,614**	**1,447,513**	**2,340,324**
Total assets	**1,280,593**	**1,697,614**	**2,348,513**	**3,241,324**
Equity and liabilities				
Share capital	903,000	903,000	903,000	903,000
Retained earnings	323,225	792,107	1,442,924	2,335,651
Total equity	**1,226,225**	**1,695,107**	**2,345,924**	**3,238,651**
Current liabilities				
Trade and other payables	4,368	2,507	2,589	2,673
Amount payable from Shareholders	50,000	-	-	-
Income Tax Payable	-	-	-	-
Total liabilities	**54,368**	**2,507**	**2,589**	**2,673**
Total equity and liabilities	**1,280,593**	**1,697,614**	**2,348,513**	**3,241,324**

Stellaris – Forecasted Statement of Cashflow for the year ended 31st December

USD	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Profit before tax	323,225	468,881	650,818	892,727
Movement in working capital:				
(Increase)/Decrease in receivables	(375,639)	(123,332)	(182,911)	(242,918)
Increase/(Decrease) in payables	54,368	(51,860)	81	84
Cashflows from Operations	1,955	293,689	467,988	649,893
Tax paid	-	-	-	-
Net Cashflow from Operating activities	**1,955**	**293,689**	**467,988**	**649,893**
Cashflow from investing activities				
Investment in subsidiaries	(901,000)[1]	-	-	-
Net Cashflow from Investing activities	**(901,000)**	**-**	**-**	**-**
Cashflow from financing activities				
Issue of ordinary shares	903,000[1]	-	-	-
Net Cashflow from Financing activities	**903,000**	**-**	**-**	**-**
Net increase/decrease in cash and cash equivalents	3,955	293,689	467,988	649,893
Cash and cash equivalents at start	-	3,955	297,643	765,631
Cash and cash equivalents at end	**3,955**	**297,643**	**765,631**	**1,415,524**

Note 1: The acquisition of Redfody was done on a non-cash basis, with new shares of Stellaris being issued as payment to the prior shareholders of Redfody. This transaction is still being shown in the cash flow statement for ease of understanding.

5.2 Redfody

5.2.1 Historical Financial Performance

- Redfody was incorporated in November 2023. The historical accounts reflect its incorporation costs and administrative expenses, financed by the shareholders.
- While it has not yet started its operations as an investment dealer, Redfody has been engaged in trading activities through a broker, realising initial revenue from gains on its executed transactions.

Statement of Comprehensive Income

For the period from Date of incorporation to 31 December 2024

	USD
Gain from Trading	1,755,555
Total Expenses	(276,611)
EBITDA	**1,478,944**
Depreciation	(1,361)
EBIT	**1,477,583**
Finance costs	(80,774)
Profit before tax	**1,396,809**
Income tax	-
Profit after tax	**1,396,809**

Revenue from trade of securities and Cost of sales

Redfody has not yet officially launched its brokerage or asset management services. However, it was able to generate an exceptional revenue by borrowing funds and/or financial instruments (about USD 10M in June 2024 and an additional USD 22.7M in July 2024) and selling them to other investors via a broker. In the process, Redfody cash in the proceeds from the sale, repays the loan and record a gain on the transaction (USD 1.8M in FY24). Essentially, the exceptional revenue stems from leveraged trading strategy, identifying investors who need to sell a portfolio of investments and those who wish to buy those investments, borrowing the said financial instruments, selling them to the other counterparty and realizing a profit after settling its loan obligations.

Expenses

- Expenses were mainly one-off fees related to incorporation and fixed costs associated with administration and accounting services and licenses.
- Redfody also paid a commission of USD116k to its broker in respect of the revenue-generating transaction as explained above. Such commissions are not expected to re-occur in the future since Redfody will be operating as a broker in the future.

Finance costs

- Redfody incurred interest costs in connection to the leveraged trading strategy applied whereas it borrowed funds to invest in the stock market. The finance costs were reduced by interest income on bank deposits.

Statement of Financial Position

As at 31 December 2024

	USD
ASSETS	
Non-current assets	
Property, Plant and Equipment	**952**
Current assets	
Other receivables	147,556
Cash at Brokers	3,006,594
Cash and cash equivalents	799,191
Total Current Assets	**3,953,341**
Total Assets	**3,954,292**
EQUITY AND LIABILITY	
Capital and reserves	
Share capital	150,675
Retained Earnings	1,396,809
Shareholders' funds	**1,547,484**
Current liabilities	
Other Payables	22,059
Short-term loans	2,384,750
Total liabilities	**2,406,809**
Total equity and liabilities	**3,954,292**

Property, Plant and Equipment

This relates to the depreciated value of computer equipment and office furniture purchased since incorporation.

Other receivables

This relates to prepayment of license fees and rental deposit. It also includes USD 25k receivable from Stellaris, for the payment of professional fees.

Cash at Broker

This relates to cash held with brokers employed by Redfody in the form of a settlement account. It represents funds held by the broker on behalf of the client for the purpose of settling trades. This account acts as a temporary holding place for cash that will be used to pay for securities purchases or receive proceeds from sales.

Share Capital

Redfody was incorporated with 1,250 ordinary shares at USD 10 each owned by Maxim Kuzyakin and 3,750 ordinary shares at USD 10 each owned by Pavel Karlin. The share capital also includes shareholder loan which have been converted to equity in September 2024 – USD 88,175 for Maxim and USD 12,500 for Pavel. The company's issued shares were transferred to Stellaris in January 2025, such that Redfody is now a fully owned subsidiary of Stellaris.

Other Payables and Short-term loans

- Other payables are made up of provision for rent, accounting and administration fees.
- Current liabilities also include interest payable on the short-term loan.
- The company also has a short-term loan for working capital funding corresponding to the value of financial instruments borrowed that Redfody will then trade for a profit.

Statement of Cash Flow

As at 31 December 2024	**USD**
Profit before tax	1,396,809
Add non-cash items:	
Depreciation	1,361
Finance costs	80,774
Movement in working capital:	
(Increase)/Decrease in trade and other receivables	(3,154,150)
Increase/(Decrease) in trade and other payables	2,406,809
Cashflows from Operations	**731,602**
Tax paid	-
Net Cashflow from Operating activities	**731,602**
Cashflow from investing activities	
Acquisition of PPE	(2,312)
Net Cashflow from Investing activities	**(2,312)**
Cashflow from financing activities	
Issue of ordinary shares	150,675
Finance costs paid	(80,774)
Net Cashflow from Financing activities	**69,901**
Net increase/decrease in cash and cash equivalents	799,191
Cash and cash equivalents at start	-
Cash and cash equivalents at end	**799,191**

5.2.2 Forecasts

REVENUE ASSUMPTIONS

Asset Management Fees:

- Asset management fees, which are charged for managing investments on behalf of clients, are estimated at 1% of the estimated Assets Under Management (AUM).
- The AUM of Redfody has been derived from the estimated number of clients onboarded and average portfolio size per client.
- Redfody expects to onboard 12 new clients in 2025, 36 new clients in 2026, 48 new clients in 2027 and 60 new clients in 2028. By 2028, the total number of clients is expected to reach 156. Redfody intends to expand its client base by leveraging the management's extensive industry expertise and established networks gained from their prior and ongoing professional engagements.
- Each client will contribute USD 1M to the portfolio.
- AUM is expected to grow at a rate of 5.9% p.a, sourced from PwC 2024 Asset & Wealth Management Report.
- The expected AUM for each year is as follows:

	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
No of clients	12	48	96	156
AUM (USD'M)	12.7	51.6	105.5	175.2

Brokerage Fees:

- Brokerage fees, which are fees charged for executing trades, are calculated based on the expected trading frequency per client and the minimum fees charged per trade.
- It is assumed that brokerage fees will be generated from the assumed pool of managed clients as detailed in the section above related to "Asset Management Fees".
- The average frequency of trades per client is assumed as 5 per month, based on several online sources.
- The minimum fees charged per trade is USD 65.
- **Advisory Fees:**
- Advisory fees, charged for providing investment advice or financial planning services to clients, are a one-off fixed fee of USD 1,000 charged to each new client onboarded.
- The number of clients has been estimated using the same client base as asset management services.

Gains from trading activities:

- Redfody has already generated a gain from trading securities of USD 1.8M as at 31 December 2024. They intend to continue to apply the successful leveraged trading strategy similar to the one in FY24.
- This approach is less risky since Redfody identifies potential sellers/lenders who are looking to dispose of their investments or who have excess funds they are willing to lend and matches them to potential buyers/borrowers who will acquire those investments or who need to borrow the funds.

- Given the uncertainty surrounding the identification of opportunities to match sellers and buyers, Management has taken a conservative approach of escalating the gain achieved in FY24 by an assumed 3% annually.

COST ASSUMPTIONS

- Most expenses, such as insurance, accounting fees, legal fees and audit fees, have been escalated using the long-term projected inflation rate of 3.5%.
- The subsidiary also bears certain fixed fees annually such as license fees from ROC (USD 300 per year) and FSC (USD 4,450 per year).
- IT, Platform and Software fees have been estimated at 5% of Total Revenue. These include costs associated with the use of trading platforms, internet and networking costs and databases, that will usually increase as revenue grows.
- Redfody is also renting an office in Mauritius. The corresponding annual rent amounts to USD 13,700, escalates by 5% YoY. It was also assumed that Redfody will incur costs relating to the utilities consumption, assumed to be USD 1,500 per month, escalated using the long-term inflation rate.
- The commission expense paid to third-party brokers has been escalated by 3%, in line with the assumed escalation for the net gain from trading.
- Expenses related to salaries and wages assume that Redfody will hire 3 employees in 2025 (1 manager and 2 employees with an average monthly salary of USD 3,600 and USD 860 respectively), ramping up by an additional 2 employees each year, cruising at 7 employees as from 2027. Salaries will escalate using the long-term inflation rate. Total salaries also include other payroll costs associated with other employee benefits such as travelling expenses.
- A commission-based compensation for employees and client/business referrers has been included as from FY25, estimated at 5% of Total Revenue.
- Directors' fees of USD 10K annually have been assumed, escalating by 3.5% annually in line with long-term inflation rate.
- Marketing and travel expenses are assumed to start at USD 10K in 2025 based on management's estimate. They will increase to USD 20.7K in 2026 as Redfody's operations pick up, and will further escalate with the long-term inflation rate as from 2027.
- There was no tax expense computed in the management accounts as at 31 December 2024. Same has been estimated in the context of the forecasts. Since Redfody holds an Investment Dealer Licence, it has an effective income tax rate of 3% and also needs to pay the 2% CCR Levy, which is applicable on companies with a turnover of more than MUR 50 M (~USD 1.1M).

DIVIDEND ASSUMPTIONS

- The general dividend policy is expected to be set at 30% of the Profit After Tax. This will constitute the main revenue of Stellaris.

WORKING CAPITAL ASSUMPTIONS

- A one-month credit period has been assumed from suppliers.
- Similarly, it has been assumed that a one-month credit term will be extended to clients.
- The settlement account with brokers and the short-term loan balance have been escalated by 3%, in line with the assumed increase in the net gain from trading. Interest on the short term loan is 5% in line with the latest short term loan contracted by the company.

CAPEX

Redfody will purchase computer equipment such as laptops, as well as furniture and fittings for office use, amounting to USD 12,500 in 2025 as it starts its operations. In 2026 and 2027, Redfody expects to make CAPEX investments of USD 2,000 each year, associated with the purchase of computer equipment.

Following the above assumptions, the forecasted financial statements of Redfody are as follows:

Redfody - Forecasted Statement of Comprehensive Income for the year ended 31st December

USD	2024 FCST	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Asset Management Fees	-	127,080	515,818	1,054,571	1,752,191
Brokerage Fees	-	11,700	117,000	280,800	491,400
Advisory Fees	-	12,000	36,000	48,000	60,000
Gain/Loss on trading of other securities	1,755,555	1,808,222	1,862,468	1,918,342	1,975,893
Total income	**1,755,555**	**1,959,002**	**2,531,286**	**3,301,713**	**4,279,483**
Less Expenses	(276,611)	(516,269)	(652,025)	(776,765)	(898,184)
EBITDA	**1,478,944**	**1,442,732**	**1,879,261**	**2,524,949**	**3,381,300**
Depreciation	(1,361)	(1,887)	(1,987)	(2,087)	(2,187)
EBIT	**1,477,583**	**1,440,845**	**1,877,274**	**2,522,861**	**3,379,112**
Finance costs	(80,774)	(122,815)	(126,499)	(130,294)	(134,203)
Profit before tax	**1,396,809**	**1,318,030**	**1,750,775**	**2,392,567**	**3,244,910**
Income tax expense	(69,840)	(65,902)	(87,539)	(119,628)	(162,245)
Profit for the year	**1,326,968**	**1,252,129**	**1,663,236**	**2,272,939**	**3,082,664**
Dividend Paid	-	(375,639)	(498,971)	(681,882)	(924,799)
Total comprehensive income for the year	**1,326,968**	**876,490**	**1,164,265**	**1,591,057**	**2,157,865**

Redfody - Forecasted Statement of Financial Position as at 31st December

USD	2024 FCST	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Assets					
Non-current assets					
Property, plant and equipment	**952**	**11,564**	**11,577**	**11,489**	**11,302**
Current assets					
Trade and other receivables	147,556	166,261	213,951	278,153	359,634
Cash at Broker	3,006,594	3,096,792	3,189,695	3,285,386	3,383,948
Cash and cash equivalents	729,350	1,954,470	3,186,463	4,886,919	7,196,141
Total current assets	**3,883,500**	**5,217,523**	**6,590,109**	**8,450,459**	**10,939,723**
Total assets	**3,884,452**	**5,229,087**	**6,601,686**	**8,461,948**	**10,951,025**
Equity and liabilities					
Share capital	150,675	150,675	150,675	150,675	150,675
Retained earnings	1,326,968	2,203,459	3,367,724	4,958,781	7,116,646
Total equity	**1,477,643**	**2,354,134**	**3,518,399**	**5,109,456**	**7,267,321**
Current liabilities					
Trade and other payables	22,059	43,022	54,335	64,730	74,849
Dividend payable	-	375,639	498,971	681,882	924,799
Short term loans	2,384,750	2,456,292	2,529,981	2,605,880	2,684,057
Total liabilities	**2,406,809**	**2,874,953**	**3,083,287**	**3,352,492**	**3,683,704**
Total equity and liabilities	**3,884,452**	**5,229,087**	**6,601,686**	**8,461,948**	**10,951,025**

Redfody - Forecasted Statement of Cashflow for the year ended 31st December

USD	2024 ACT	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Profit before tax	1,396,809	1,318,030	1,750,775	2,392,567	3,244,910
Add non-cash items:					
Depreciation	1,361	1,887	1,987	2,087	2,187
Finance costs	80,774	122,815	126,499	130,294	134,203
Movement in working capital:					
(Increase)/Decrease in receivables	(3,154,150)	(108,902)	(140,594)	(159,893)	(180,042)
Increase/(Decrease) in payables	2,406,809	92,506	85,002	86,294	88,295
Cashflows from Operations	**731,602**	**1,426,336**	**1,823,669**	**2,451,350**	**3,289,552**
Finance costs paid	(80,774)	(122,815)	(126,499)	(130,294)	(134,203)
Tax paid	(69,840)	(65,902)	(87,539)	(119,628)	(162,245)
Net Cashflow from Operating activities	**580,987**	**1,237,620**	**1,609,631**	**2,201,427**	**2,993,104**
Cashflow from investing activities					
Acquisition of PPE	(2,312)	(12,500)	(2,000)	(2,000)	(2,000)
Net Cashflow from Investing activities	**(2,312)**	**(12,500)**	**(2,000)**	**(2,000)**	**(2,000)**
Cashflow from financing activities					
Issue of ordinary shares	150,675	-	-	-	-
Payment of dividends	-	-	(375,639)	(498,971)	(681,882)
Net Cashflow from Financing activities	**150,675**	**-**	**(375,639)**	**(498,971)**	**(681,882)**
Net increase/decrease in cash and cash equivalents	**729,350**	**1,225,120**	**1,231,992**	**1,700,457**	**2,309,222**
Cash and cash equivalents at start	-	729,350	1,954,470	3,186,463	4,886,919
Cash and cash equivalents at end	**729,350**	**1,954,470**	**3,186,463**	**4,886,919**	**7,196,141**

5.3 Consolidated Accounts

5.3.1 Forecasts

Stellaris - Forecasted Consolidated Statement of Comprehensive Income for the year ended 31st December

	2025 FCST	2026 FCST	2027 FCST	2028 FCST
Asset Management Fees	127,080	515,818	1,054,571	1,752,191
Brokerage Fees	11,700	117,000	280,800	491,400
Advisory Fees	12,000	36,000	48,000	60,000
Gain/Loss on trading of other securities	1,808,222	1,862,468	1,918,342	1,975,893
Total income	**1,959,002**	**2,531,286**	**3,301,713**	**4,279,483**
Less Expenses	(568,683)	(682,115)	(807,829)	(930,256)
EBITDA	**1,390,319**	**1,849,172**	**2,493,884**	**3,349,227**
Depreciation	(1,887)	(1,987)	(2,087)	(2,187)
EBIT	**1,388,432**	**1,847,184**	**2,491,797**	**3,347,040**
Finance costs	(122,815)	(126,499)	(130,294)	(134,203)
Profit before tax	**1,265,617**	**1,720,685**	**2,361,503**	**3,212,837**
Income tax expense	(65,902)	(87,539)	(119,628)	(162,245)
Profit for the year	**1,199,716**	**1,633,146**	**2,241,875**	**3,050,591**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**1,199,716**	**1,633,146**	**2,241,875**	**3,050,591**

Stellaris - Forecasted Consolidated Statement of Financial Position as at 31st December

	2025	2026	2027	2028
Assets				
Non-current assets				
Property, plant and equipment	11,564	11,577	11,489	11,302
	11,564	**11,577**	**11,489**	**11,302**
Current assets				
Trade and other receivables	166,261	213,951	278,153	359,634
Cash at Broker	3,096,792	3,189,695	3,285,386	3,383,948
Cash and cash equivalents	2,333,111	3,735,460	5,720,994	8,437,191
Total current assets	**5,596,163**	**7,139,107**	**9,284,533**	**12,180,773**
Total assets	**5,607,728**	**7,150,683**	**9,296,023**	**12,192,075**
Equity and liabilities				
Share capital	903,000	903,000	903,000	903,000
Retained earnings	2,151,045	3,660,860	5,719,823	8,527,497
Total equity	**3,054,045**	**4,563,860**	**6,622,823**	**9,430,497**
Current liabilities				
Trade and other payables	97,390	56,843	67,319	77,521
Short Term Loan	2,456,292	2,529,981	2,605,880	2,684,057
Total liabilities	**2,553,682**	**2,586,824**	**2,673,199**	**2,761,578**
Total equity and liabilities	**5,607,728**	**7,150,683**	**9,296,023**	**12,192,075**

Stellaris - Forecasted Consolidated Statement of Cashflow or the year ended at 31st December

	2025	**2026**	**2027**	**2028**
Profit before tax	1,641,256	2,219,656	3,043,385	4,137,636
Add non-cash items:				
Depreciation	1,887	1,987	2,087	2,187
Finance costs	122,815	126,499	130,294	134,203
Movement in working capital:				
Changes in receivables	(860,180)	(762,897)	(1,024,686)	(1,347,759)
Changes on payables	146,874	33,141	86,376	88,379
Cashflows from Operations	**1,052,652**	**1,618,387**	**2,237,456**	**3,014,646**
Finance costs paid	(122,815)	(126,499)	(130,294)	(134,203)
Tax paid	(65,902)	(87,539)	(119,628)	(162,245)
Net Cashflow from Operating activities	**863,936**	**1,404,349**	**1,987,534**	**2,718,198**
Cashflow from investing activities				
Investment in subsidiaries	-	-	-	-
Acquisition of PPE	(12,500)	(2,000)	(2,000)	(2,000)
Net Cashflow from Investing activities	**(12,500)**	**(2,000)**	**(2,000)**	**(2,000)**
Cashflow from financing activities				
Issue of ordinary shares	903,000	-	-	-
Net Cashflow from Financing activities	**903,000**	**-**	**-**	**-**
Net increase/decrease in cash and cash equivalents	1,754,436	1,402,349	1,985,534	2,716,198
Cash and cash equivalents at start	578,675	2,333,111	3,735,460	5,720,994
Cash and cash equivalents at end	**2,333,111**	**3,735,460**	**5,720,994**	**8,437,191**

6 Risk Assessment

In preparation for Stellaris' listing on the Stock Exchange of Mauritius, it is essential to identify and address risks specific to its operations as an investment holding company targeting asset management firms. Stellaris' current operations, future investment strategies, and exposure to its investment portfolio, require a tailored approach to risk assessment. This section delves deeper into these risks, examining their nuances and presenting robust mitigants.

Market Risks

Market risks for Stellaris stem from fluctuations in financial markets, macroeconomic trends, and changing investor sentiment. As an investment holding company, Stellaris' revenue streams and asset valuations are closely tied to market performance, making it vulnerable to economic downturns, liquidity crises, and geopolitical events. Ways to mitigate the market risks include:

- ***Diversified Portfolio***: Stellaris will adopt a dynamic diversification strategy, targeting a mix of asset classes, sectors, and geographic regions to mitigate exposure to localized or sector-specific downturns. This approach will also include balancing high-risk, high-reward investments with stable, income-generating assets.
- ***Economic Scenario Modeling***: By employing advanced scenario modeling and stress testing, Stellaris can better prepare for adverse economic conditions. These models will simulate the impact of events such as interest rate hikes, inflationary pressures, or political instability on its portfolio.
- ***Strategic Liquidity Reserves***: Maintaining liquidity reserves will enable Stellaris to capitalize on opportunities during market downturns, such as undervalued acquisitions, while also providing a buffer against revenue volatility.

Operational Risks

Operational risks are inherent to Stellaris' growth strategy, particularly as it seeks to expand through majority stakes in asset management firms. However, as Stellaris does not intend to be operationally active within its subsidiaries, the focus shifts to ensuring robust oversight and reporting mechanisms to maintain alignment and mitigate risks. Challenges such as integrating subsidiaries, ensuring consistent governance standards, and maintaining transparent reporting across entities remain critical to mitigating operational risks:

- ***Centralised Integration Support***: Rather than direct operational involvement, Stellaris will establish centralised teams to provide advisory support during the integration of newly acquired subsidiaries. These teams will ensure alignment with Stellaris' governance standards and strategic objectives without disrupting subsidiary autonomy.
- ***Reporting and Compliance Frameworks***: Stellaris will enforce a standardized reporting and compliance framework that ensures subsidiaries adhere to high operational and regulatory standards. This framework will provide consistency in operational disclosures and enable effective risk management.

- ***Technology-Enhanced Monitoring***: Deploying advanced technology platforms will allow Stellaris to monitor subsidiary performance in real time. These systems will provide actionable insights while reducing the need for intrusive oversight, ensuring subsidiaries maintain operational independence.
- ***Strategic Alignment Reviews***: Regular reviews will ensure that subsidiary operations align with Stellaris' overall objectives. These reviews will focus on performance metrics, compliance adherence, and risk mitigation strategies without imposing excessive operational demands.

Financial Risks

Financial risks encompass dependency on market-linked revenues, the potential underperformance of subsidiaries, and challenges in securing funding for acquisitions. Stellaris' ability to maintain financial health is critical to its growth trajectory and investor confidence post-listing. The following elements are considered to mitigate the financial risks:

- ***Dynamic Revenue Models***: Stellaris will explore revenue models that include fixed management fees alongside performance-based incentives, providing stability during market downturns.
- ***Subsidiary Performance Metrics***: Detailed financial and operational metrics will be tracked for each subsidiary to identify underperformance early and implement corrective measures.
- ***Strategic Funding Partnerships***: By establishing long-term relationships with institutional investors and exploring diverse funding sources such as bonds, Stellaris can secure the capital needed for future growth.

Regulatory and Compliance Risks

Stellaris operates in a highly regulated sector, requiring adherence to complex legal frameworks across jurisdictions. Regulatory changes or non-compliance at either the holding company or subsidiary level could result in financial penalties, reputational harm, or operational disruptions. Ways to mitigate regulatory and compliance risks include:

- ***Global Compliance Framework***: Stellaris will implement a comprehensive compliance framework tailored to the regulatory environments of all operating regions. This framework will standardize processes while allowing for local adaptations.
- ***Proactive Engagement with Regulators***: Regular communication with regulatory bodies will ensure Stellaris remains informed about upcoming changes and can advocate for favorable policies when appropriate.
- ***AI-Powered Compliance Tools***: Leveraging artificial intelligence to monitor compliance in real-time will reduce the risk of oversight and streamline reporting processes.

Reputational Risks

Reputation is one of Stellaris' most valuable assets. Negative publicity, controversies involving subsidiaries, or unmet market expectations could erode stakeholder trust and diminish the company's appeal to investors. Reputational risks can be reduced with:

- ***Comprehensive Stakeholder Engagement Plans***: Stellaris will prioritize transparent communication with stakeholders through regular updates, investor roadshows, and detailed financial disclosures.

- ***Ethical Investment Mandates***: Establishing and adhering to strict ethical guidelines for investments will ensure Stellaris' portfolio aligns with socially responsible and sustainable practices.

Subsidiary-Specific Risks

Stellaris' exposure to Redfody and future acquisitions introduces risks related to dependency on subsidiary performance and potential strategic misalignment. Effective management of these relationships is essential for long-term success, including the implementation of:

- ***Subsidiary Independence with Oversight***: While allowing subsidiaries operational autonomy, Stellaris will establish key performance indicators (KPIs) and governance protocols to ensure alignment with corporate objectives.
- ***Tailored Support Programs***: With the breadth of expertise on the Board of Stellaris, the latter will provide strategic support to subsidiaries, including on subjects related to risk management, marketing, and technology.
- ***Continuous Risk Assessments***: Conducting periodic risk assessments for each subsidiary will identify vulnerabilities and inform proactive mitigation efforts.

Strategic Risks

Strategic risks for Stellaris include the potential for misaligned acquisitions, overestimating synergies, or failing to adapt to evolving market conditions. Such risks can undermine growth ambitions and shareholder value. Some areas to mitigate strategic risks include:

- ***Rigorous Due Diligence Protocols***: Stellaris will employ comprehensive due diligence processes, including financial audits, cultural assessments, and market analyses, to evaluate potential acquisitions thoroughly.
- ***Scalable Growth Models***: Developing scalable and agile operational models will ensure Stellaris can manage the complexities of growth while maintaining efficiency.
- ***Adaptive Strategic Planning***: Stellaris will establish an adaptive planning framework, allowing for regular updates to its strategy based on market developments, competitive dynamics, and internal performance